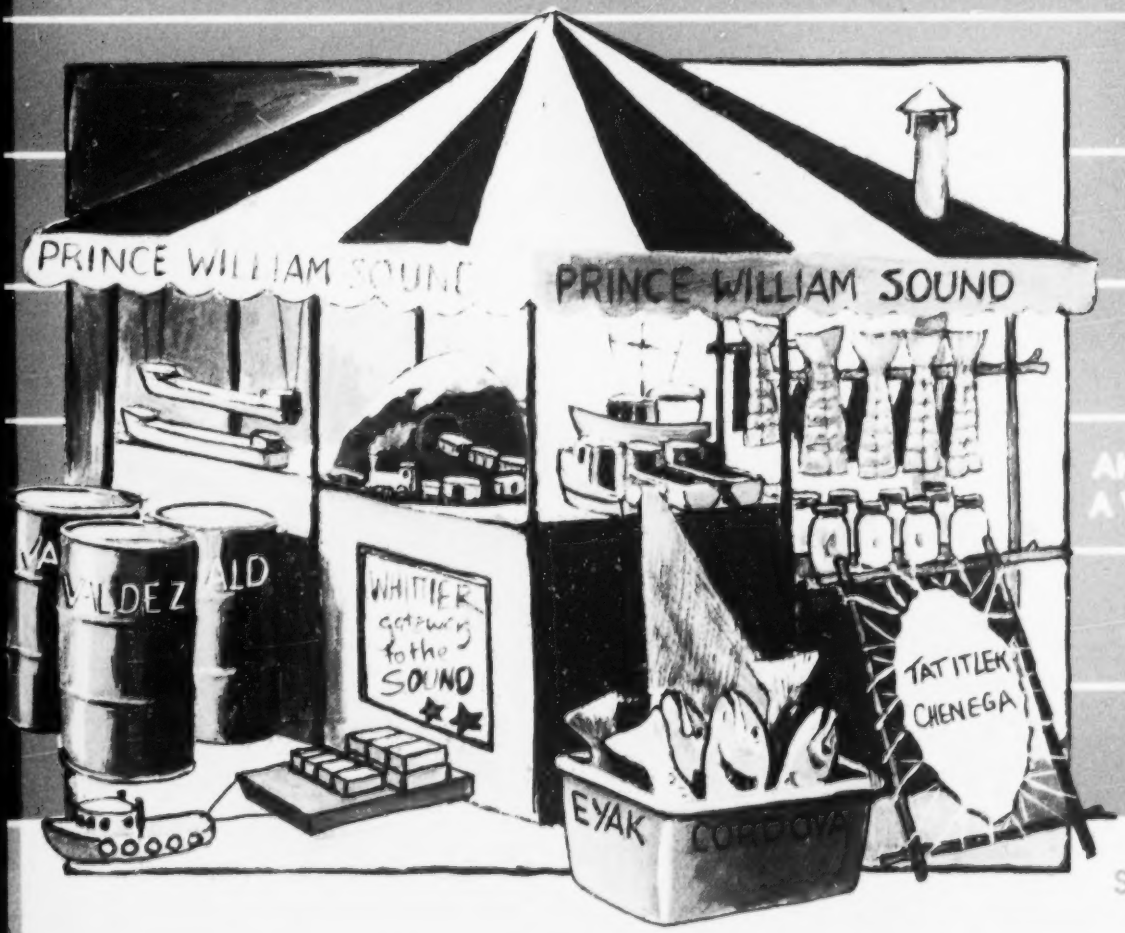
ALASKA ECONOMIC TRENDS



AK'S ECONOMY IS AT A VIRTUAL STANDSTILL

September 1992

A LOOK AT TODAY'S ECONOMIES IN PRINCE WILLIAM SOUND

ALASKA DEPARTMENT OF LABOR
WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC
TRENDS

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A Look At Today's Economies In Prince William Sound

By Neal Fried and Holly Stinson

In 1989, one of the worst oil spills in history occurred in Prince William Sound. While the world watched, the stricken communities marshalled all of their resources for the cleanup effort. Overnight, the economies in the region transformed in response to the oil spill.

The economic consequences of the spill varied from community to community. Valdez became a boom town over night. Cordova appeared deserted when many of its citizens enlisted in the cleanup effort. As a result of the spill cleanup, employment and income reached record highs and unemployment hit new lows in the area. (See Figure 1.) Most of these economic impacts, however, were temporary.[1]

This article looks at whether the economies of the communities on Prince William Sound have returned to "normal". Are the economies of these communities larger or smaller than before the oil spill? Are their economies different in the 1990s?

Prince William Sound communities—mixed economy

The five communities on Prince William Sound have more differences than similarities. The fishery, whether for subsistence, commercial or sport, is about the only thing they have in common. The diverse Valdez economy, with a strong oil industry base, is quite different from Cordova's fishing-based economy. Whittier's economic existence is tied to its role as a gateway to the Sound. The subsistence communities of Chenega and Tatitlek are distinctly different from the rest. Because of these differences, the direction these economies have taken since the oil spill are dissimilar.

Valdez—economy larger now than before the spill

Of all the communities on the Sound, Valdez is the most economically diverse. Its role as the terminus of the trans-Alaska Pipeline dominates its economy. Alyeska Pipeline Service Company, the pipeline operator, is the single largest employer in Valdez, and accounts for 90% of the city's local tax base. Other important economic contributors are thriving visitor and fishing industries, and a sizeable public sector. The deep water port in Valdez also serves as a shipment point for goods into the Interior. Because of the variety of industries in Valdez, its economy is far less seasonal than other communities in the Sound.

The economy in Valdez today is significantly larger than before the spill. Although the wage and salary work force peaked at 2,887 in 1989, it remains 20% larger

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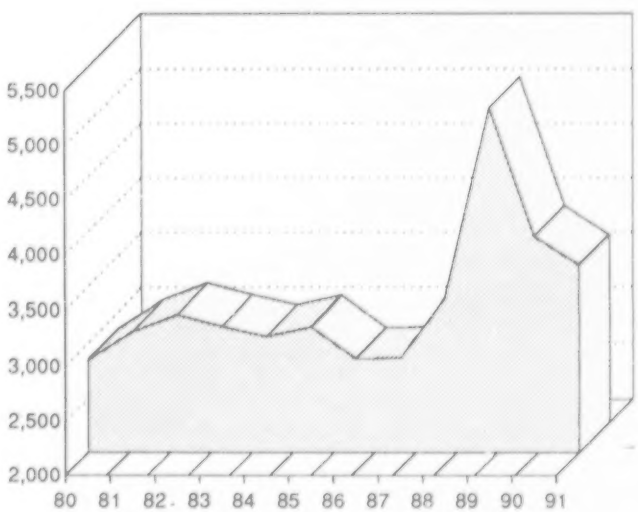
Note:
[1] The period of the spill was well documented, including an article in the July 1989 issue of *Alaska Economic Trends*.

Figure • 1

Prince William Sound Employment Spiked in 1989



Source: Alaska Department of Labor, Research & Analysis Section

Table • 1

Valdez Wage and Salary Employment 1980-1991

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Nonag. Wage & Salary	1,746	1,848	1,884	1,822	1,906	1,850	1,696	1,712	1,789	2,887	2,200	2,146
Mining	*	*	0	0	0	0	0	0	0	0	0	0
Construction	226	196	181	116	153	112	59	39	38	23	26	34
Manufacturing	*	*	70	85	155	171	186	200	206	261	247	288
Trans. Comm. & Utilities	449	488	504	481	456	416	373	374	388	1,129	563	655
Trade	105	135	146	157	161	155	121	144	175	237	265	228
Finance-Insurance & Real Estate	36	28	23	20	22	20	20	18	15	24	30	32
Services & Miscellaneous	242	207	257	218	233	251	253	264	294	462	346	306
Government	680	698	704	745	730	725	686	674	673	751	749	604
Federal	18	17	20	15	17	15	14	16	17	18	17	16
State	404	404	392	403	413	399	386	371	377	448	422	284
Local	259	277	292	327	300	311	286	288	280	285	310	304

* *Nondisclosable*

Source: Alaska Department of Labor, Research and Analysis Section.

than in 1988. (See Table 1.) Openings at the Alaska Department of Labor's local Employment Service office also remain above pre-spill levels. (See Figure 2.)

A significant amount of growth came from Alyeska Pipeline's expanded work force. Establishing the Ship Escort Response Vessel System in Valdez created 75 high-paying, year-round jobs. Most of this growth shows up in the transportation, communication and utilities industry in Table 1.

Expansion of the fishing industry has bolstered the Valdez economy. Fishing is a relative newcomer. In 1979 there weren't any fish processing plants operating in Valdez; today there are three. Road and air access, labor availability, and a dramatic increase in the Sound's salmon fishery made Valdez a good candidate for this expansion. Fish processing employment grew 63% since 1988 as salmon and herring catches increased. Its resident fishing fleet, however, remains small. In 1991 only 33 out of 435 permits fished by people claiming residence in Prince William Sound called Valdez home. (See Table 2.)

The growth at Alyeska Pipeline Service Company and in the fishing industry spurred some growth in the trade sector. However, some of the growth in retail trade comes from a thriving visitor industry.

Figure • 2

Valdez Employment Service Second Quarter Job Openings

Source: Alaska Department of Labor, Research & Analysis Section

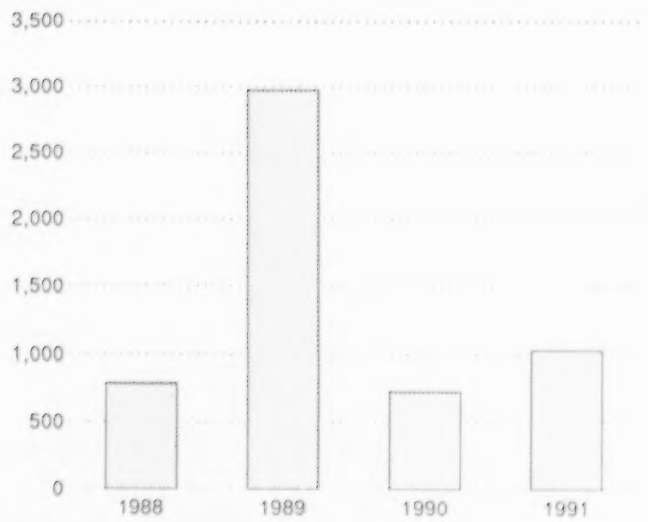


Table • 2

Number of Permits Fished by Prince William Sound Residents

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	*1991
Cordova	418	430	430	465	406	398	392	395	411	309	412	389
Valdez	53	61	58	55	55	60	57	66	55	30	54	33
Chenega Bay	0	0	0	0	0	0	0	1	1	1	3	1
Tatitlek	9	8	9	8	10	9	8	11	11	8	6	2
Whittier	5	11	12	18	16	8	13	13	16	9	14	10
Total	485	510	509	546	487	475	470	486	494	357	489	435

*1991 figures are preliminary

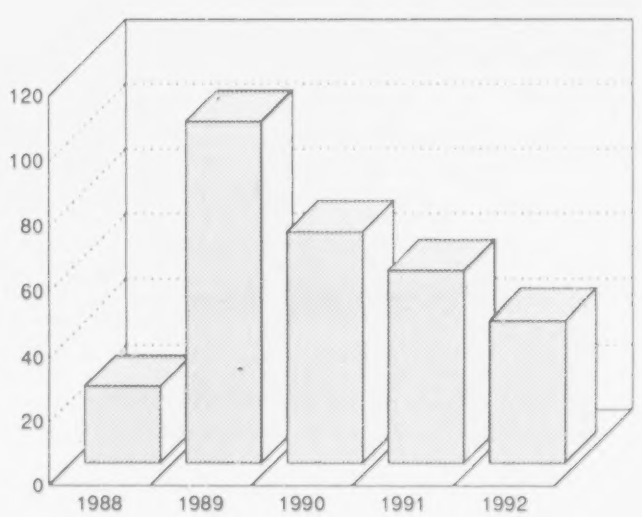
Source: Alaska Commercial Fisheries Entry Commission

Valdez is one of the top ten tourist destinations in the state. It is geographically well situated to take advantage of the visitor industry. Valdez provides the only road access to Prince William Sound. Unlike so much of the state, the tourist trade in Valdez depends more on independent travellers than it does from the organized tour trade. Valdez is a popular destination for the Southcentral tourist market via the ferry from Whittier. A growing number of Prince William Sound tour charters are operating out of the city harbor. More recreational boaters are using Valdez to access Prince William Sound. Valdez is also a destination for cruise ships -- 38 are expected to dock there this year.

Although no new hotels have been built in Valdez in recent years, bed capacity has increased. In 1989 a bed and breakfast industry flourished in response to the severe housing crunch brought on by the spill. (See Figure 3.) Although their numbers have dropped since 1989, there are still more now than in pre-spill years. Bed taxes collected by the city have grown each year. The number of spaces for recreation vehicles is greater than in 1989. This year a record number of visitors are expected because of the 50th anniversary celebration of the Alaska Highway.

Figure • 3

Bed & Breakfast Accommodations Fluctuate in Valdez



Source: City of Valdez

Table • 3

A Portrait of Prince William Sound Communities
(From the 1990 census)

	Chenega Bay	Cordova	Eyak*	Tatitlek	Valdez	Whittier	Alaska
Population in 1990	94	2,110	172	119	4,068	243	550,043
Percent female	44.7	45.5	48.3	52.9	44.9	42.8	47.3
Percent Native	69.1	11.2	7.6	86.6	5.9	12.3	15.6
Percent White	30.9	79.5	90.7	13.4	88.7	80.7	75.5
Percent Other	0.0	9.2	1.7	0.0	5.4	7.0	8.9
Percent under 18 years	38.3	26.8	37.2	37.8	28.7	22.6	31.3
Median age	25.0	31.6	30.5	27.5	31.4	32.4	29.4
Persons per household	3.03	2.61	3.13	3.61	2.90	2.16	2.80
Percent born in Alaska	66.0	37.9	36.8	90.1	31.0	34.4	35.6
Percent of labor force unemployed	14.3	3.1	4.3	—	8.7	8.5	8.8
Per capita income in 1989	$9,211	$23,408	$63,913	$8,674	$26,968	$17,032	$17,610
Median household income in 1989	$22,083	$46,304	$150,000+	$27,188	$68,570	$33,636	$41,408
Percent below poverty level	26.6	4.8	—	19.8	5.1	13.1	9.0
Percent with high school or higher education	58.5	85.3	85.4	68.2	84.8	80.0	86.6

While the U.S. Bureau of the Census considers Eyak a Census Designated Place and presents the figures separately Eyak is actually located adjacent to Cordova.

Source: U.S. Bureau of the Census.

Population growth and a healthy income picture in Valdez also helped boost the retail trade sector. A newly expanded Eagle grocery store, which opened in 1991, is one testament to its healthy retail market. According to the 1990 census, household income in Valdez was 66% above the statewide average in 1989. (See Table 3.) Earnings from oil spill cleanup work distort these income figures somewhat, but income in Valdez has been far above the statewide average in other years.

Another source of post-spill economic growth is the financial windfall many enjoyed from oil spill cleanup work. This windfall was an infusion of new capital into the local economy. Some residents used their earnings to expand their businesses or establish new ones. To what degree this happened is not readily known. We do know, however, that personal income in the Valdez-Cordova census area increased by $46 million in 1989-the single largest annual increase since personal income has been tracked.

In Valdez, not all sectors have grown; the sizeable public sector has lost some ground. Some of these losses resulted from the demobilization of the oil spill cleanup. For example, the Department of Environmental Conservation based many personnel there during the spill cleanup phase; now most of these positions are gone. Some losses have also come from positions lost at the regional highway office and Harborview, an institution for persons with developmental disabilities.

The immediate outlook for the Valdez economy is relatively good. The fishing and tourist industries are thriving. Petro Star is building a small refinery in Valdez to provide jet, marine and heating fuel. Although it will be a small employer (about 25 jobs) it adds another dimension to the Valdez economy.

Nonetheless, in the longer run Valdez has an Achilles heel—its economic dependence on the pipeline terminal. It will remain the economic mainstay for many years to come. As the volume going through the terminal declines and the facility ages, it will become a less valuable asset. This means it will contribute less to the Valdez tax base. For example, its valuation for tax purposes in 1992 fell by $78 million. Declining oil production also means Alyeska Pipeline Service Company will eventually pare down its work force. The biggest challenge Valdez faces will be finding a way to replace these losses.

Cordova— fickle fishery affects economy

Cordova has had a different post-spill economic experience than Valdez. Its level of economic activity has returned to pre-spill levels. (See Table 4.) The economic destiny of Cordova is almost entirely tied to the vagaries of the commercial fisheries, specifically the salmon and herring fisheries which account for more than 90% of the total fishery value in Prince William Sound. Of the 435 permits fished in 1991 by residents of Prince William Sound, 389 were from Cordova. Tourism, logging

Table • 4

Cordova Wage & Salary Employment 1980-1991

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Nonag. Wage & Salary	905	1,084	1,076	1,108	952	1,107	909	918	1,154	1,301	1,321	1,223
Construction	17	22	30	26	34	37	25	14	19	29	51	32
Manufacturing	271	351	253	293	188	345	269	256	445	329	361	298
Trans. Comm. & Util.	37	81	88	93	89	78	70	79	83	197	96	92
Trade	140	143	207	194	173	194	174	181	171	178	190	173
Finance-Ins. & R.E.	25	26	24	23	23	25	25	26	24	24	24	25
Services	111	104	122	124	113	102	103	96	112	120	127	113
Miscellaneous	22	50	38	37	28	27	34	44	67	92	101	98
Government	282	308	316	319	305	300	291	282	302	335	372	394
Federal	35	42	37	34	32	30	30	31	38	40	49	51
State	81	87	87	88	92	96	96	89	90	112	121	128
Local	167	179	192	197	181	174	166	162	174	184	202	215

Source: Alaska Department of Labor, Research & Analysis Section.

and public sector activity provide additional economic support.

The Cordova economy got off to a good start in 1990. After major spill-related interruptions to the fishery in 1989, the 1990 catch was the second largest on record (although its value was about average). Some of the growth in Cordova in 1990 was also related to the extra income earned from spill cleanup activity and spent in 1990. Employment grew, as did city sales tax collections, raw fish tax receipts and ferry traffic. All indications were that the economy was on track and returning to normal levels.

In 1991 the economic picture changed. The salmon catch was healthy-the largest in the Sound's history. Prices, however, reached new lows. In spite of this record catch the estimated earnings for Cordova fishermen fell to $21 million, the lowest figure since 1983. (See Table 5.) The combined herring and salmon harvest in the Sound was valued at $40.7 million. (See Table 6.) This was less valuable than the 1989 harvest, when no herring were harvested because of the oil spill. To make things worse, two out of the city's five processors closed their doors in 1991. Although no income figures for 1991 are available, income also surely fell sharply; sales and raw fish tax receipts fell. Because of these losses and a costly lawsuit, the city was forced to cut back services.

This year an improved picture is developing. The herring harvest in the Sound set a new record. In metric tons it was nearly twice as large as in 1991. Salmon prices have also improved immensely this year-nearly double last year's prices. The primary salmon fishing season has not yet begun, so harvest levels are unknown.

Tourism and logging activity augment the economy. At the present time both are small contributors. There is potential for growth in both these industries. Limited access hampers tourism growth in Cordova since the only way to get there is by air or water. Some residents pin hopes on the possibility of a new road which would connect Cordova to the state road system. They believe it will expand tourism activity and possibly lead to the development of other industries. Other residents oppose the idea. Nevertheless, there is little doubt that fishing will continue to dominate the economy in Cordova into the foreseeable future.

Chenega and Tatitlek— not yet recovered

It is more difficult to measure the economic well being of Chenega and Tatitlek using traditional economic measures because subsistence harvesting is such an important ingredient in their economies. From traditional economic measures neither community is very prosperous. Little or no economic infrastructure exists in either community. Job opportunities are scarce. The opportunities that do exist are in the public sector or fishing-related. Even these jobs are usually seasonal. According to an Alaska Department of Fish and Game survey, only 18% of the adults in Chenega were employed year-round. [2]

The lack of employment opportunities is reflected in the income of the residents which is low by any measure. In 1989, household income in both communities was only a little more than half that of Valdez or Cordova. (See Table 3.) These income figures are probably higher than usual because they include oil spill income. According to the 1990 census the number of residents living below the poverty level was greater than 25% in Chenega and 20% in Tatitlek.

Note:
[2] Alaska Department of Fish and Game, Subsistence Division, *Subsistence Harvests and Uses in Seven Gulf of Alaska Communities in the Second Year Following the Exxon Valdez Oil Spill* March 15, 1992.

Table • 5

Estimated Earnings from Fish Harvesting Statewide by Prince William Sound Residents (In thousands of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	*1991
Cordova	35,949	25,803	16,322	22,108	27,716	22,825	42,577	41,500	29,949	31,637	21,859
Valdez	2,393	1,811	1,262	1,008	2,099	1,973	3,920	2,710	1,436	1,959	888
Chenega Bay	—	—	—	—	—	—	**	**	**	**	**
Tatitlek	901	392	166	281	367	270	681	514	196	304	**
Whittier	128	134	174	150	244	234	247	222	42	126	82
Total	39,370	28,140	17,924	23,547	30,426	25,302	47,425	44,946	31,623	34,027	22,829

*1991 figures are preliminary

**Nondisclosable

Note: Chenega Bay was established in 1984.

Source: Alaska Commercial Fisheries Entry Commission

Commercial fishing provides one important source of cash income for these two communities. Although there were only a small number of fishing permits issued to residents of either of these communities, both benefit from the commercial fishery. As elsewhere in the Sound, earnings from the commercial harvest suffered in 1991.

The subsistence economy in both Chenega and Tatitlek declined quite dramatically since 1989, according to surveys conducted by the Alaska Department of Fish and Game. The subsistence harvest in Chenega in 1990 and 1991 was less than half that of pre-spill years. (See Figure 4.) Fewer residents made efforts to harvest wild game and fewer species of game were harvested than in the pre-spill years. The pattern for Tatitlek was similar to Chenega. The residents of these two communities are still concerned about oil contamination and report large declines in the populations of some of their subsistence foods.

On the positive side both communities are developing an aquaculture industry farming oysters. Tatitlek is ready to harvest their first crop of oysters this summer, which grew more quickly than expected. They anticipate these oysters will fetch premium prices. In Chenega the first harvest will come somewhat later. This industry could provide both jobs and income to communities where both are in short supply.

Whittier—gateway to Prince William Sound

Whittier, with a 1990 census population of 243, is the only community on Prince William Sound accessible by railroad. Some retirees choose to live in Whittier, possibly because of the relatively low cost of housing. Others own a condominium there but use it as a base for weekend excursions into the Sound. Of the 126 employed residents counted in the 1990 census, forty-eight worked in the public sector—mostly for the local school district or the Alaska Railroad. Whittier's harbor generates many of the private sector jobs.

Whittier was probably the Prince William Sound community least affected by the oil spill. Economic indicators for Whittier are scarce, making post-spill trends difficult to measure. Whittier is a major transportation link and gateway to the Sound. Its economy benefits from the growing number of visitors to the Sound. According to the Alaska Railroad, passenger counts have increased substantially during the past two years. (See Figure 5.) In the near future, visitors to Whittier could increase dramatically if a plan to provide road access becomes reality.

Summary

The economies of Prince William Sound communities are more different than they are alike. This diversity meant the post-spill economic trends of these communities have also been distinct. The Valdez economy, for instance, is larger than it was in pre-spill years. Some of its growth has come from the build-up of an oil spill response system. Expansion of the pipeline terminal has also contributed to its growth. Another strength is the diversity of its economy. Both the fishing and visitor industries leant a hand in its post-spill growth. Despite recent robustness, its economy is vulnerable for the same reason the state's economy is—declining oil production.

On the other hand, the fate of the Cordova economy will have little to do with oil production. Instead, the health of the Sound's fishery harvest will guide its future. The

Table • 6

Commercial Fish Harvest in Prince William Sound
(number of fish and ex-vessel value in thousands)

	Herring (catch in metric tons)	Chinook (king)	Sockeye (red)	Coho (silver)	Pink (humpy)	Chum (dog)	Salmon Total
1985 catch	8,283	44	1,450	1,025	25,129	1,297	28,945
Value	$5,800						$48,467
1986 catch	11,318	42	1,289	426	11,391	1,700	14,848
Value	$8,400						$29,400
1987 catch	7,407	42	1,738	175	29,230	1,919	33,104
Value	$6,200						$67,500
1988 catch	11,923	32	768	478	11,736	1,841	14,855
Value	$12,250						$70,640
1989 catch	closed due to	32	1,175	425	21,886	1,002	24,520
Value	oil spill						$43,000
1990 catch	8,190	22	912	524	44,165	967	46,590
Value	$8,010						$68,000
1991 catch	11,734	35	1,740	632	37,300	373	40,080
Value	$10,672						$30,000
1992 catch (projected)	15,547	41	1,663	758	28,040	1,500	32,002

Source: Alaska Department of Fish and Game.

oil spill was a reminder of how singularly dependent Cordova is on this resource. Since the oil spill, the economic performance in Cordova has been mixed. The size of its economy has remained almost unchanged from pre-spill years. The transportation-based economy of Whittier appears to be benefitting from a growing visitor industry in the Sound.

The subsistence economies of Chenega and Tatitlek have not fared as well as the rest of the Sound's communities. Since the oil spill, a substantial decline in their subsistence harvest has been recorded. Few sources of cash income exist for these two communities. There is hope that additional sources of economic support can be developed in these communities.

Figure • 4

Pre- & Post-Spill Subsistence Harvest

Source: Alaska Department of Fish & Game

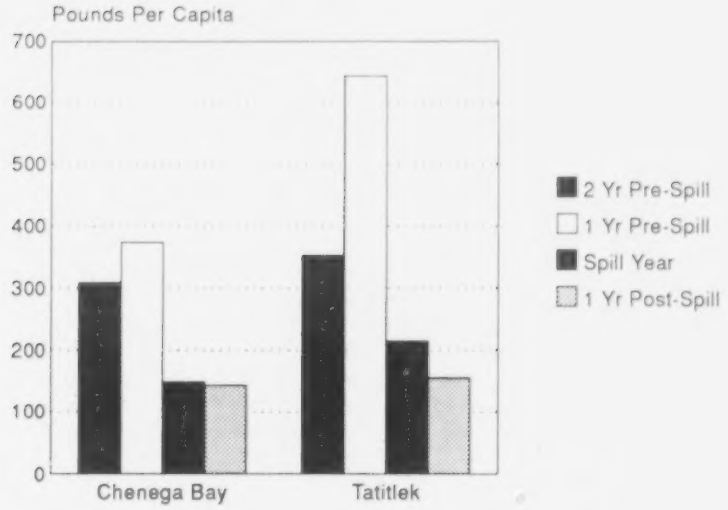
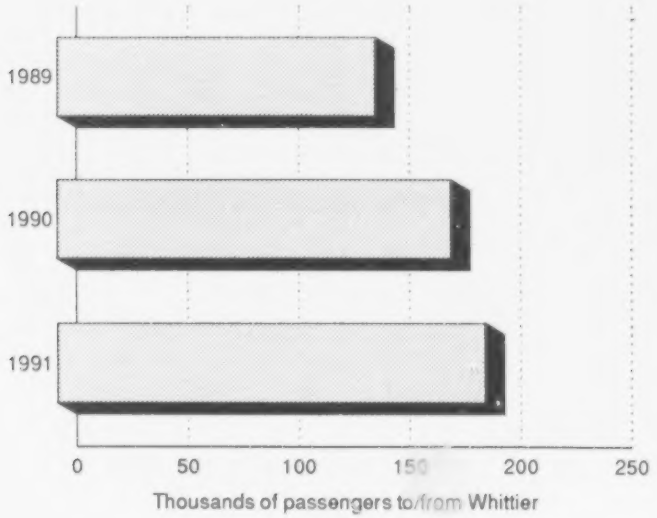
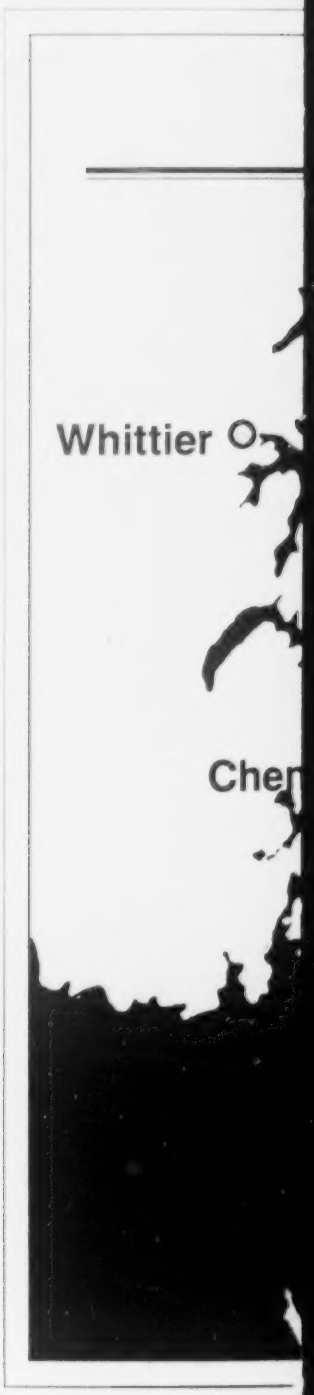


Figure • 5

More People Travel To Prince William Sound by Rail

Source: Alaska Railroad





Prince William Sound

Alaska's Economy Is At A Virtual Standstill

By Neal Fried

After four years of employment growth, the state's job market is running out of steam. Employment in June grew less than one percent over June 1991—the weakest growth in four years. Minuscule growth is also one reason the state unemployment rate remained at the May level of 9.3% (See Table 4).

A feeble economy has plagued the employment performance all year. Closure of The Anchorage Times, however, and its accompanying loss of more than 400 jobs, insured this weak showing would continue. The loss of 120 jobs at MarkAir did not help circumstances. It would be inaccurate to blame the closure of The Anchorage Times or MarkAir cutbacks for the state's weak economic performance. They were, to some extent, victims of a torpid economic showing. Two years ago these job losses might have gone almost unnoticed; but because of recent marginal economic growth, these job losses were more conspicuous.

Job losses at MarkAir and The Anchorage Times made the headlines in June; a number of other industries are contributing to Alaska's weak employment picture. The biggest losses are the well-publicized employment cutbacks in the oil industry. Oil industry employment is 1,600 shy of last year's level. This June is the lowest level of employment in this industry since 1988.

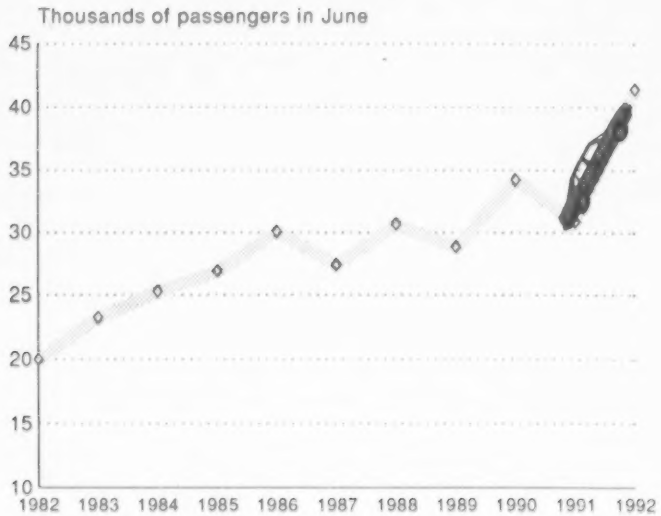
Manufacturing joined the oil industry on the losing side of the economy in June. Prior to June the only sector within manufacturing posting job losses was timber-related employment. The printing and publishing industry joined the timber industry in having over-the-year job losses when The Anchorage Times closed. This additional loss was large enough to push manufacturing into the red.

One part of the manufacturing sector is still healthy. Seafood processing employment was 600 jobs ahead of year-ago levels this June. Even more important is the news that salmon prices are also above year-ago levels. It is still too early to predict the size of the harvest; all indications point to a healthy harvest this year.

Figure • 1

People Entering Alaska via Highway Hits New High

Source: Community Research Center, Fairbanks North Star Borough



Growth in other industries flattens

The industries with job losses are not the only ones responsible for the listless performance of the economy in Alaska. Many industries that quit growing after years of aggressive growth are now depressing the economy. The air transportation industry is one example. Air freight handlers such as Federal Express, the expansion of MarkAir and other domestic carriers contributed to the strong growth of the industry during 1989-1991. In 1992 the industry lost some of this momentum. Then MarkAir's job losses in June were large

enough to take the wind out of its sails. At present the transportation industry is just managing to keep as many people employed this year as they did in 1991.

Another industry that lost most of its past vitality is the service industry. In June it was growing by less than one half of one percent.

The service industry is the largest private sector employer in the state. Since 1988 it generated 8,200 new jobs. This broadly-defined industry has many pieces. The health portion of the service industry continues to perform robustly. The legal, social, engineering, and business services parts of the industry, however, are either losing ground or moving horizontally.

Another employer that joined the ranks of the "no growers" is state government. Although the state government figures in Table 1 are positive, it is only because the University of Alaska's employment numbers are positive. The rest of state government employment in June was on par with last year. These numbers are likely to dip below year-ago levels when modest personnel cutbacks begin to take hold with the new fiscal year.

Some industries are still growing

On a brighter note the financial sector remains a plus in the economy. Two of the state's largest banks recently reported healthy second quarter profits. To-

(continued on page 14)

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work — Alaska & Municipality of Anchorage

Alaska

	p/ 6/92	r/ 5/92	6/91	Changes from 5/92	Changes from 6/91
Total Nonag. Wage & Salary	255,400	247,600	253,600	7,800	1,800
Goods-producing	43,800	39,600	45,500	4,200	-1,700
Mining	10,800	10,600	12,400	200	-1,600
Construction	12,200	10,700	12,100	1,500	100
Manufacturing	20,800	18,300	21,000	2,500	-200
Durable Goods	3,400	3,300	3,800	100	-400
Lumber & Wood Products	2,500	2,300	2,900	200	-400
Nondurable Goods	17,400	15,000	17,200	2,400	200
Seafood Processing	13,700	11,100	13,100	2,600	600
Pulp Mills	900	900	900	0	0
Service-producing	211,600	208,000	208,100	3,600	3,500
Transportation	23,800	22,400	23,500	1,400	300
Trucking & Warehousing	3,200	2,900	3,000	300	200
Water Transportation	1,900	1,700	1,900	200	0
Air Transportation	7,500	7,100	7,500	400	0
Communications	3,600	3,600	3,600	0	0
Trade	49,800	47,900	48,800	1,900	1,000
Wholesale Trade	8,100	7,900	8,100	200	0
Retail Trade	41,700	40,000	40,700	1,700	1,000
Gen. Merch. & Apparel	6,700	6,300	6,100	400	600
Food Stores	7,500	7,300	6,900	200	600
Eating & Drinking Places	14,700	14,000	14,600	700	100
Finance-Ins. & Real Estate	11,100	10,900	10,800	200	300
Services & Misc.	54,800	52,800	54,600	2,000	200
Hotels & Lodging Places	6,900	5,700	6,700	1,200	200
Health Services	11,600	11,400	11,200	200	400
Government	72,100	74,000	70,400	-1,900	1,700
Federal	20,200	19,300	19,600	900	600
State	21,100	21,400	20,700	-300	400
Local	30,800	33,300	30,100	-2,500	700

Municipality of Anchorage

	p/ 6/92	r/ 5/92	6/91	5/92	6/91
Total Nonag. Wage & Salary	115,900	113,200	116,200	2,700	-300
Goods-producing	12,600	11,800	13,700	800	-1,100
Mining	3,400	3,400	4,100	0	-700
Construction	6,700	5,700	6,700	1,000	0
Manufacturing	2,500	2,700	2,900	-200	-400
Service-producing	103,300	101,400	102,500	1,900	800
Transportation	12,800	12,000	12,700	800	100
Communications	2,200	2,200	2,100	0	100
Trade	26,000	25,700	26,300	300	-300
Wholesale Trade	5,800	5,800	5,800	0	0
Retail Trade	20,200	19,900	20,500	300	-300
Food Stores	3,300	3,400	3,300	-100	0
Finance-Ins. & Real Estate	6,800	6,800	6,700	0	100
Services & Misc.	30,100	29,100	29,800	1,000	300
Hotels & Lodging Places	2,700	2,300	2,700	400	0
Health Services	6,100	6,000	5,900	100	200
Government	27,600	27,800	27,000	-200	600
Federal	11,100	10,900	10,800	200	300
State	7,500	7,500	7,500	0	0
Local	9,000	9,400	8,700	-400	300

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear here are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1991
p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 6/92	r/ 5/92	6/91	Changes from: 5/92	Changes from: 6/91
Total Nonag. Wage & Salary	35,900	34,350	35,300	1,550	600
Goods-producing	6,850	6,050	6,650	800	200
Mining	350	350	350	0	0
Construction	1,350	1,250	1,300	100	50
Manufacturing	5,150	4,450	5,000	700	150
Durable Goods	2,150	2,000	2,400	150	-250
Lumber & Woods Products	2,050	1,950	2,300	100	-250
Nondurable Goods	3,000	2,450	2,600	550	400
Seafood Processing	1,850	1,350	1,450	500	400
Pulp Mills	950	900	900	50	50
Service-producing	29,050	28,300	28,650	750	400
Transportation	3,000	2,650	3,050	350	-50
Trade	6,250	5,850	6,100	400	150
Wholesale Trade	600	600	600	0	0
Retail Trade	5,650	5,250	5,500	400	150
Finance-Ins. & Real Estate	1,150	1,150	1,200	0	-50
Services & Misc.	6,250	5,900	6,100	350	150
Government	12,400	12,750	12,200	-350	200
Federal	2,350	2,150	2,250	200	100
State	5,550	5,650	5,550	-100	0
Local	4,500	4,950	4,400	-450	100

Fairbanks North Star Borough

	p/ 6/92	r/ 5/92	6/91	Changes from: 5/92	Changes from: 6/91
Total Nonag. Wage & Salary	30,000	29,300	28,350	700	1,650
Goods-producing	2,550	2,200	2,550	350	0
Mining	250	200	250	50	0
Construction	1,650	1,350	1,650	300	0
Manufacturing	650	650	650	0	0
Service-producing	27,450	27,100	25,800	350	1,650
Transportation	2,250	2,050	2,200	200	50
Trucking & Warehousing	550	500	500	50	50
Air Transportation	500	500	500	0	0
Communication	300	300	300	0	0
Trade	7,350	7,050	6,800	300	550
Wholesale Trade	800	800	800	0	0
Retail Trade	6,550	6,250	6,000	300	550
Gen. Merch. & Apparel	1,050	1,000	600	50	450
Food Stores	800	800	800	0	0
Eating & Drinking Places	2,750	2,600	2,700	150	50
Finance-Ins. & Real Estate	1,050	1,000	1,050	50	0
Services & Misc.	6,600	6,250	6,500	350	100
Government	10,200	10,750	9,250	-550	950
Federal	3,400	3,250	3,350	150	50
State	4,100	4,450	3,350	-350	750
Local	2,700	3,050	2,550	-350	150

Anchorage-MatSu Region

	p/ 6/92	r/ 5/92	6/91	Changes from: 5/92	Changes from: 6/91
Total Nonag. Wage & Salary	124,000	121,200	124,450	2,800	-450
Goods-producing	13,300	12,400	14,400	900	-1,100
Mining	3,550	3,550	4,250	0	-700
Construction	7,100	6,100	7,100	1,000	0
Manufacturing	2,650	2,750	3,050	-100	-400
Service-producing	110,700	108,800	110,050	1,900	650
Transportation	13,500	12,750	13,450	750	50
Trade	28,050	27,700	28,350	350	-300
Finance-Ins. & Real Estate	7,150	7,100	7,050	50	100
Service & Misc.	31,800	30,650	31,550	1,150	250
Government	30,200	30,600	29,650	-400	550
Federal	11,250	11,000	10,850	250	400
State	8,350	8,300	8,400	50	-50
Local	10,600	11,300	10,400	-700	200

Interior Region

	p/ 6/92	r/ 5/92	6/91	Changes from: 5/92	Changes from: 6/91
Total Nonag. Wage & Salary	34,450	33,700	32,550	750	1,900
Goods-producing	2,900	2,500	2,750	400	150
Mining	450	400	450	50	0
Construction	1,750	1,450	1,650	300	100
Manufacturing	700	650	650	50	50
Service-producing	31,550	31,200	29,800	350	1,750
Transportation	2,600	2,350	2,500	250	100
Trade	7,850	7,450	7,250	400	600
Finance-Ins. & Real Estate	1,150	1,100	1,100	50	50
Services & Misc.	7,250	6,900	7,150	350	100
Government	12,700	13,400	11,800	-700	900
Federal	4,150	3,950	4,150	200	0
State	4,500	4,750	3,750	-250	750
Local	4,050	4,700	3,900	-650	150

Nonagricultural Wage and Salary Employment By Place of Work

Northern Region

	p/ 6/92	r/ 5/92	6/91	Changes from: 5/92	Changes from: 6/91
Total Nonag. Wage & Salary	14,750	14,600	15,450	150	-700
Goods-producing	5,850	5,650	6,700	200	-850
Mining	5,300	5,100	6,150	200	-850
Service-producing	8,900	8,950	8,750	-50	150
Government	4,250	4,400	4,350	-150	-100
Federal	250	250	300	0	-50
State	350	350	350	0	0
Local	3,650	3,800	3,700	-150	-50

Gulf Coast Region

	p/ 6/92	r/ 5/92	6/91	Changes from: 5/92	Changes from: 6/91
Total Nonag. Wage & Salary	27,450	25,150	27,500	2,300	-50
Goods-producing	8,250	6,650	8,350	1,600	-100
Mining	1,150	1,100	1,200	50	-50
Construction	1,200	1,000	1,250	200	-50
Manufacturing	5,900	4,550	5,900	1,350	0
Seafood Processing	5,000	3,700	4,850	1,300	150
Service-producing	19,200	18,500	19,150	700	50
Transportation	2,250	2,100	2,250	150	0
Trade	4,900	4,550	4,650	350	250
Wholesale Trade	550	500	550	50	0
Retail Trade	4,350	4,050	4,100	300	250
Finance-Ins. & Real Estate	650	650	650	0	0
Services & Misc.	5,250	4,950	5,300	300	-50
Government	6,150	6,250	6,300	-100	-150
Federal	650	550	650	100	0
State	1,800	1,800	2,000	0	-200
Local	3,700	3,900	3,650	-200	50

Southwest Region

	p/ 6/92	r/ 5/92	6/91	Changes from: 5/92	Changes from: 6/91
Total Nonag. Wage & Salary	18,300	18,000	18,200	300	100
Goods-producing	6,450	6,000	6,600	450	-150
Seafood Processing	6,100	5,700	6,250	400	-150
Service-producing	11,850	12,000	11,600	-150	250
Government	6,250	6,650	6,100	-400	150
Federal	1,450	1,400	1,400	50	50
State	550	500	600	50	-50
Local	4,250	4,750	4,100	-500	150

Municipality of Anchorage — Other

	p/ 6/92	r/ 5/92	6/91	Changes from: 5/92	Changes from: 6/91
Durable Goods	600	600	600	0	0
Nondurable Goods	2,000	2,000	2,400	0	-400
Trucking & Warehousing	1,900	1,800	1,800	100	100
Water Transportation	300	300	300	0	0
Air Transportation	4,700	4,500	4,700	200	0
Gen.Merch.& Apparel	3,100	2,900	3,200	200	-100
Eating & Drinking Places	7,700	7,600	7,700	100	0

Notes: Prepared in part with funding from the Alaska State Employment Security Division.
Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear here are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1991
p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

(continued from page 11)

tal bank deposits and assets in the state were up by more than 5% for the first quarter of the year.

Federal employment remains nearly 3% above year-ago levels. This growth comes from both the military and civilian sectors of the federal government. Some of these gains may be lost in the near future. The army recently announced they would be trimming their civil service staff by 41 positions.

There are mixed signals in the tourist industry this summer. It is always difficult to give up-to-date assessments for the visitor industry because only a smattering of indicators are available so early in the season. One figure we do have is a count for the number of people working in the hotel and lodging industry. In June their numbers were up 2% over Ju ·e 1991.

Another telltale sign is the count of vehicles entering Alaska via the Taylor and Alaska Highways. The June count recorded the highest count ever for June and 34% higher than last June (See Figure 1). As predicted by many, the number of motorized tourists headed to Alaska swelled this year due to the Alaska Highway 50th anniversary celebration. The big increase in this traffic is having a particularly beneficial impact on the more remote communities on the road system. Many of these communities– –for example Central, Circle, Eagle and McCarthy—normally get little of the package tour traffic.

Reports from the cruise and organized tour segment of the industry are not quite as upbeat. Some are characterizing this part of the industry as flat. Explanations for this are the weakened national economy and also the fact that the 1991 season was particularly good.

One other positive development has been higher oil prices during the past three months. Oil prices were nearly $5 higher in June than they were in March.

Anchorage loses all of its steam

For the first time in 44 months Anchorage employment numbers fell below year-ago levels. It was not unexpected. In May Anchorage was barely hanging on to growth. The job blow from The Anchorage Times closure in late May and, to a lesser extent, MarkAir's layoffs made growth insurmountable in June. The over-the-year job loss is minuscule—down by one-tenth of one percent or 200 jobs shy of June 1991 numbers. The direction employment took, however, is indicative of the weakened Anchorage economy. The higher unemployment rate in June was symptomatic of the Anchorage job market.

The Anchorage economy is feeling the effects of oil industry and air transportation cutbacks disproportionately. Its service and retail trade industries are also weak. When new stores open near the end of the year retail trade numbers should turn around. At the latest count Costco, Pace Warehouse, K-Mart, Fred Meyer, Eagle Hardware, Toys R Us, and Disney World are all planning to open new stores in Anchorage in the next year.

Figure • 2

Job Gains/Losses Vary by Region
Change in Employment June 91 to 92

Source. Alaska Department of Labor, Research & Analysis Section

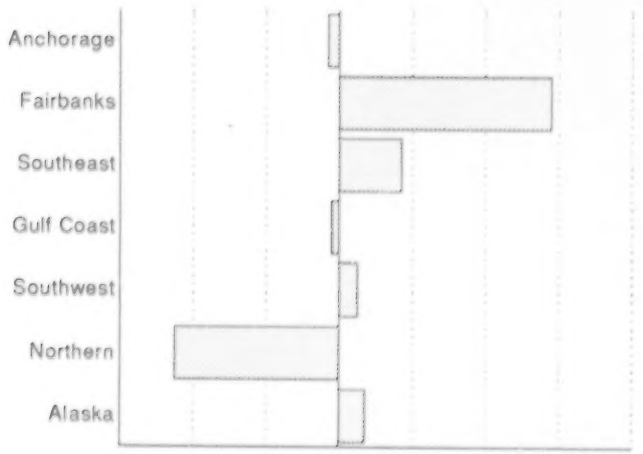


Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 6/92	r/ 5/92	6/91	p/ 6/92	r/ 5/92	6/91	p/ 6/92	r/ 5/92	6/91
Mining	$1,108.48	$1,148.55	$1,180.41	49.2	49.4	51.3	$22.53	$23.25	$23.01
Construction	1,120.56	1,074.58	1,112.94	46.4	43.7	45.8	24.15	24.59	24.30
Manufacturing	525.92	462.11	531.70	46.5	38.8	45.6	11.31	11.91	11.66
Seafood Processing	441.56	322.90	426.29	48.1	37.2	47.0	9.18	8.68	9.07
Trans., Comm. & Utilities	622.32	577.32	664.60	35.5	34.0	37.4	17.53	16.98	17.77
Trade	346.37	339.46	372.62	32.8	31.2	33.6	10.56	10.88	11.09
Wholesale	554.58	577.34	626.36	39.0	38.8	41.1	14.22	14.88	15.24
Retail	305.57	292.55	324.25	31.6	29.7	32.2	9.67	9.85	10.07
Finance-Ins. & R.E.	429.60	439.30	412.06	35.3	34.7	35.4	12.17	12.66	11.64

Notes:
p/ denotes preliminary estimates
r/ denotes revised estimates
Benchmark: March 1991

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

Picture mixed in rest of the state

Large job losses in the oil industry were not confined to Anchorage in June. Job losses in the oil patch are pulling the Northern region employment count down. (See Figure 2). Oil industry employment in the region in June was off by 860 jobs or 15%. The June unemployment rate for the region was 13.5%—two full points higher than the 1991 rate and the highest June rate in five years.

The Gulf Coast region employment picture was flat in June. Oil and construction were down a bit and fishing was up. Most of the other sectors were holding their own. Only retail trade numbers were up significantly-largely as a result of the new Carr's grocery store in Kenai. In Southeast Alaska employment managed to show over-the-year growth in June. Fishing was particularly strong in June and timber losses were moderating. The rest of Southeast's industries were holding steady.

The employment figures in Fairbanks remain robust; with most of the growth in retail trade and the public sector. New Sears and Fred Meyer stores are keeping the Fairbanks job count buoyed. The list of new stores opening this year or next has increased by one — it now includes a new Pace Warehouse, Value Village and K-Mart. Fairbanks unemployment rate in June was one of the few in the state that wasn't higher than last June.

Summary: Economy is looking weak

Employment growth in June almost came to a standstill, registering a meager 0.7% over-the-year rate. This feeble growth is also why the state unemployment rate remained unchanged from May and is higher than year-ago levels.

A number of industries are contributing to this weak economic picture. Well-publicized oil industry employment cutbacks remain a drag on the economy, along with losses in the timber industry. Employment losses from The Anchorage Times closure pushed the printing and publishing industry into over-the-year job losses. These in turn pushed another industry into the red—manufacturing.

The industries with negative numbers were not the only ones contributing to the frail performance of the state economy. Just as important are the industries which brought a great deal of vitality to the state economy during the past three years that are no longer doing so. These include air transportation, the service industry and state government.

A few industries remained on pretty firm ground in June. The financial sector, the federal government and retail trade are pluses in the economy. Although it is still too early to tell, the tourism industry may also be providing some boost.

The biggest news on the geographic front is that the Anchorage employment count was below year-ago levels for the first time in 44 months. The effects of oil and air transportation industry layoffs are disproportionately felt in Anchorage. The picture in the rest of the state was mixed. Like Anchorage, the Northern region numbers are negative because of oil patch cutbacks. Southeast and Southwest Alaska are still managing to grow. Boosts from retail trade and the public sector are keeping Fairbanks in the black.

T a b l e • 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate %			Employment		
	p/ 6/92	r/ 5/92	6/91	p/ 6/92	r/ 5/92	6/91	p/ 6/92	r/ 5/92	6/91	p/ 6/92	r/ 5/92	6/91
Alaska Statewide	271,156	261,486	265,842	25,099	24,209	22,381	9.3	9.3	8.4	246,057	237,277	243,461
Anch.-MatSu Region	137,782	133,659	136,343	11,828	11,152	10,316	8.6	8.3	7.6	125,954	122,507	126,027
Munic. of Anchorage	120,442	116,376	118,902	9,095	8,560	8,060	7.6	7.4	6.8	111,347	107,816	110,842
MatSu Borough	17,340	17,283	17,441	2,733	2,592	2,256	15.8	15.0	12.9	14,607	14,691	15,185
Gulf Coast Region	33,852	31,662	33,409	3,658	4,107	3,349	10.8	13.0	10.0	30,194	27,555	30,060
Kenai Peninsula Borough	21,293	19,523	20,684	2,792	2,639	2,266	13.1	13.5	11.0	18,501	16,884	18,418
Kodiak Island Borough	7,431	7,415	7,697	382	982	679	5.1	13.2	8.8	7,049	6,433	7,018
Valdez-Cordova	5,128	4,724	5,028	484	486	404	9.4	10.3	8.0	4,644	4,238	4,624
Interior Region	38,518	37,384	36,329	4,389	4,153	4,095	11.4	11.1	11.3	34,129	33,231	32,234
Fairbanks North Star Bor.	33,219	32,286	31,360	3,626	3,472	3,411	10.9	10.8	10.9	29,593	28,814	27,949
Southeast Fairbanks	2,180	2,150	2,035	289	309	249	13.3	14.4	12.2	1,891	1,841	1,786
Yukon-Koyukuk	3,119	2,948	2,934	474	372	435	15.2	12.6	14.8	2,645	2,576	2,499
Northern Region	8,481	8,292	8,544	1,147	994	980	13.5	12.0	11.5	7,334	7,298	7,564
Nome	3,176	3,089	3,209	493	419	442	15.5	13.6	13.8	2,683	2,670	2,767
North Slope Borough	2,951	2,902	3,021	177	142	160	6.0	4.9	5.3	2,774	2,760	2,861
Northwest Arctic Borough	2,354	2,301	2,314	477	433	378	20.3	18.8	16.3	1,877	1,868	1,936
Southeast Region	37,449	35,712	36,594	2,960	2,817	2,752	7.9	7.9	7.5	34,489	32,895	33,842
Haines Borough	933	920	1,028	113	138	223	12.1	15.0	21.7	820	782	805
Juneau Borough	16,660	15,791	16,129	1,064	915	824	6.4	5.8	5.1	15,596	14,876	15,305
Ketchikan Gateway Bor.	7,019	6,729	6,918	628	633	647	8.9	9.4	9.4	6,391	6,096	6,271
Pr. of Wales-Outer Ketch.	2,934	2,771	2,812	390	345	316	13.3	12.5	11.2	2,544	2,426	2,496
Sitka Borough	4,313	4,147	4,224	250	272	238	5.8	6.6	5.6	4,063	3,875	3,986
Skagway-Yakutat-Angoon	1,829	1,757	1,729	241	242	171	13.2	13.8	9.9	1,588	1,515	1,558
Wrangell-Petersburg	3,761	3,597	3,754	274	272	333	7.3	7.6	8.9	3,487	3,325	3,421
Southwest Region	15,074	14,777	14,623	1,117	986	889	7.4	6.7	6.1	13,957	13,791	13,734
Aleutians East Borough	1,058	1,053	1,027	36	43	22	3.4	4.1	2.1	1,022	1,010	1,005
Aleutians West	2,931	2,888	2,865	69	60	48	2.4	2.1	1.7	2,862	2,828	2,817
Bethel	5,833	5,697	5,665	543	470	459	9.3	8.2	8.1	5,290	5,227	5,206
Bristol Bay Borough	568	558	539	28	25	8	4.9	4.5	1.5	540	533	531
Dillingham	2,731	2,681	2,613	204	184	126	7.5	6.9	4.8	2,527	2,497	2,487
Wade Hampton	1,953	1,900	1,914	237	204	226	12.1	10.7	11.8	1,716	1,696	1,688

Notes: *p/ denotes preliminary estimates* *r/ denotes revised estimates* *Benchmark: March 1991*

- *Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.*
- *Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.*
- *The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.*
- *The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.*

Source: *Alaska Department of Labor, Research & Analysis Section.*

Alaska Employment Service

Anchorage: Phone 269-4800
Bethel: Phone 543-2210
Dillingham: Phone 842-5579
Eagle River: Phone 694-6904/07
Mat-Su: Phone 376-2407/08
Fairbanks: Phone 451-2871
Glennallen: Phone 822-3350
Kotzebue: Phone 442-3280
Nome: Phone 443-2626/2460
Tok: Phone 883-5629
Valdez: Phone 835-4910
Kenai: Phone 283-4304/4377/4319
Homer: Phone 235-7791
Kodiak: Phone 486-3105
Seward: Phone 224-5276
Juneau: Phone 790-4562
Petersburg: Phone 772-3791
Sitka: Phone 747-3347/3423/6921
Ketchikan: Phone 225-3181/82/83

Alaska Economic Regions

The mission of the Employment Security Division is to promote employment and economic stability by responding to the needs of employers and job seekers.

ALASKA ECONOMIC TRENDS
ALASKA DEPARTMENT OF LABOR
EMPLOYMENT SECURITY DIVISION
PO BOX 3-7000
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